

## SET 1

1. What “bubble” in the late 1990’s to early 2000’s significantly increased productivity growth in the US?

**Ans:** Dot-com bubble, technology bubble

2. What is a market with only a single buyer called?

**Ans:** Monopsony

3. Suppose you have an asset that is worth \$100 in 2017 and the market interest rate is 2.7%. What is the asset’s value in 2018?

**Ans:** \$102.70

4. What two variables are always equal for a profit maximizing firm?

**Ans:** Marginal revenue and marginal cost

5. People consume more of this type of good as the price rises.

**Ans:** Giffen good

6. A(n) \_\_\_\_\_ is a market structure with a few sellers/suppliers.

**Ans:** Oligopoly

7. The first industrial revolution occurred in which country?

**Ans:** Great Britain

8. John is willing to pay \$2000 for a computer. He buys one for \$1500. The firm which sold the computer to John is willing to sell a computer for \$1300. What is the total surplus?

**Ans:** \$700

9. Name the author of the 1867 book, *Das Kapital*, which criticized classical capitalism championed by economists such as Adam Smith and John Stuart Mill.

**Ans:** Karl Marx (Last name accepted)

10. What is the term for a large, rapid flow of assets or money out of a country?

**Ans:** Capital flight

11. In 2011, Standard & Poor’s, Fitch Ratings, and Moody’s all downgraded the US Federal Government’s credit rating. What was the new rating that Standard & Poor’s gave the US?

**Ans:** AA+

12. Did risk premium sharply increase, decrease, or remain constant in the early period of the 2008 Economic Crisis in the U.S.?

**Ans:** Increase

13. Is the individual firm's demand curve in perfect competition perfectly inelastic, unit elastic, perfectly elastic, or none of the above?

**Ans:** Perfectly elastic

14. Suppose supply is very inelastic and demand is very elastic. If a tax was imposed on this market, will suppliers or consumers pay a greater share of the tax?

**Ans:** Suppliers

15. The \_\_\_\_\_ involves a shared-resource system where individuals act in their best self-interest but against the common good, and deplete or otherwise ruin said shared resource.

**Ans:** Tragedy of the commons

Tie-Breaker:

What effect describes the change in spending that accompanies a change in perceived wealth. (Hint: the name of the effect is in the question)

**Ans:** Wealth effect

## SET 2

1. Which foreign country owns the most US debt?

**Ans:** China

2. What is a market with a single buyer and seller called?

**Ans:** Bilateral monopoly

3. Which African country has recently renounced its own currency because of hyperinflation?

**Ans:** Zimbabwe

4. To the nearest thousand, what is the current Dow Jones Industrial Average?

**Ans:** 24,000

5. What two variables does the Phillips Curve describe the relationship of?

**Ans:** Inflation rate and output gap/unemployment rate

6. Suppose a bank has \$300 in assets and \$200 in liabilities. What is its leverage ratio?

**Ans:** 2

7. The Global Economic Crisis that started in 2008 was partly triggered by the failure of the US federal government in rescuing or bailing-out which investment bank?

**Ans:** Lehman Brothers

8. When determining how to allocate scarce resources, policymakers often face a tradeoff between \_\_\_\_\_.

**Ans:** Equity and efficiency

9. When the equilibrium for a good is not achieved, the fall in total surplus is called \_\_\_\_\_.

**Ans:** Deadweight loss

10. Comparative advantage refers to the ability to produce more goods and services at a lower \_\_\_\_\_.

**Ans:** Opportunity cost

11. Due to liquidity trap and the zero-lower bound on interest rates faced by the Fed during the Great Recession, what is the name of the *new* policy the Fed turned to in order to stimulate the economy?

**Ans:** Quantitative Easing

12. Who wrote *An Essay on the Principle of Population*? This person thought that the growth rate of the human population was unsustainable.

**Ans:** Thomas Malthus

13. When Eli Whitney patented the cotton gin, many laborers who worked in cotton fields lost their job. What kind of unemployment is this?

**Ans:** Structural unemployment

14. You may give the year of occurrence or the name as an answer to the following question. Which banking panic prompted banking reform which eventually led to the formation of the Federal Reserve system?

**Ans:** 1907, Panic of 1907, Knickerbocker Crisis, 1907 Bankers' Panic

15. What is the specific term for the economic condition that plagued Germany after World War I when German currency rapidly lost its value?

**Ans:** Hyperinflation (do not accept inflation)

Tie-Breaker

Which type of securitization is most related to the 2008 Global Economic Crisis?

**Ans:** Mortgage-backed securitization.

### SET 3

1. What does FOMC stand for?

**Ans:** Federal Open Market Committee

2. Which African country had the world's fastest growing GDP in 2016, reaching a growth rate of 10.5%?

**Ans:** Ethiopia

3. Who is the current chairman of the Federal Reserve?

**Ans:** Jerome Powell

4. In game theory, the situation where every player simultaneously plays their best response is known as what?

**Ans:** Nash Equilibrium

5. What is the difference between a bank's assets and liabilities called?

**Ans:** Bank equity

6. After the end of the Great Depression, how many economic recessions has the U.S. economy gone through?

**Ans:** 13

7. Which European country has the highest public debt as a fraction of GDP?

**Ans:** Greece

8. The market for laptops is at an equilibrium right now. If Intel devises a cheaper way to manufacture the chips they put into the laptops, what will happen to the equilibrium price and quantity of laptops?

**Ans:** Quantity increases, price decreases

9. Decreasing corporate tax rate is what type of macroeconomic policy?

**Ans:** Fiscal policy

10. An increase in government spending can stifle private spending. What is this effect called?

**Ans:** Crowding out effect

11. The change in percentage in the quantity of one good when the price of another good changes is:

**Ans:** Cross-price elasticity of demand

12. What kind of good is non-rivalrous and non-excludable?

**Ans:** Public good

13. The loss of potential gain from other alternatives when one alternative is chosen is known as what?

**Ans:** Opportunity Cost

14. What value does marginal propensity to consume plus marginal propensity to save equal?

**Ans:** 1

15. Who served as the Federal Reserve chair between the years of 1987-2006 - for Presidents Ronald Reagan, George H.W. Bush, Bill Clinton, and George W. Bush?

**Ans:** Alan Greenspan

Tie-Breaker

What happens to the price of goods when the number of firms in an oligopoly increases?

**Ans:** Decrease